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SUBJECT: David Cameron Attacks HMG's Fiscal Stimulus Package As  
Poll Shows Faith In Gordon Brown Slipping

¶1. (SBU) Conservative Party Leader David Cameron has used a high-profile appearance at Davos to attack the Prime Minister's economic recovery plan. Cameron called on Cabinet Ministers to show "a frankness and a candor and an honesty about how we got here, about how we are going to get out of it." He said mistakes were made in the UK, including serious failures by financial regulators, banks, politicians, as well as the British public who borrowed to excess. He renewed his critique of Gordon Brown's fiscal stimulus package saying: "I am a monetary activist and a fiscal conservative...In the UK, my view is that borrowing eight percent of GDP is too much." Stimulus plans were counterproductive, he argued, because the electorate understood that increased borrowing would result in higher taxes. He accused the PM of engaging in "frenetic hyperactivity" and trying to dominate all initiative to combat the recession when teamwork was required.

¶2. (SBU) His comments come as polling indicated that the UK electorate is losing faith in the Prime Minister's ability to lead the country out of the economic downturn. In a poll published January 30, Gordon Brown trailed David Cameron seven percentage points when people were asked which party they most trusted to restore the UK's economic fortunes. Brown had enjoyed a seven point lead over the Tory leader in October. Of those questioned in the poll, 79 percent said they thought Brown bears "much or some" of the responsibility for "allowing lending and borrowing to get out of control." Jon Cruddas, an influential Labour backbench MP, said Brown needs to show the same "emotional intelligence" as Cameron. He said the Labour Party "looks a bit mechanistic" and that "on the firefighting, we are doing quite well but we are not using the language to tell a difficult story." Another Labour backbencher, Diane Abbott, said the recent poll is "fatal" for the Prime Minister if public sentiment continues in that direction.

¶3. (SBU) Brown faced tough questions from journalists during a press conference in Davos, after a speech calling for coordinated global action in response to the crisis. He was asked to explain his statement that the UK is best placed to withstand global economic turbulence, in light of the IMF's forecast that the UK will fare worst amongst developing countries this year. He was also questioned on the strike at an oil refinery near Grimsby over the use of foreign workers where employees hold placards quoting Brown's 2007 Labour conference speech saying "British jobs for British workers." These issues will have to be addressed if Brown is to regain public confidence in his handling of the crisis.

TUTTLE